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BI-MONTHLY RELATIVE APPEAL RANKINGS AND PORTFOLIO ADVISORY

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PORTFOLIO ADVISORY: CAPITALIZING ON THE 'BIG BAILOUT' PLANS FOR TROUBLED REITS

Suddenly, the spring air is alive with big bailout plans promising to solve many deep REIT problems quickly. The emerging favorite is to dump most of a trust's bad investments on either its banks or institutional sponsor. Until now, banks and sponsors have resisted such dumping.

Now these big institutions are about-facing. For the first time since mortgage REITs began collapsing three years ago, the lenders are ready to take significant losses to keep many troubled REITs alive and out of bankruptcy court.

This is good news for REIT investors because every dollar conceded by reluctant institutions boosts the equity of REIT shareholders and, to a lesser extent, aids bondholders. Make no mistake, some REITs won't benefit; they may wind up in bankruptcy reorganization after all. But long-term subscribers know we don't view this as the end of the line, because most REIT reorganizations to date have ended with settlements favorable to shareholders and bondholders.

What's now moving bankers to take their licking is knowledge they will need to free funds frozen into real estate to finance a new business expansion, and belief they can handle remaining real estate problems with less difficulty when they control investments directly. These bank trends show up clearly in our annual survey of bank exposure to REITs and other real estate problems, showing: 1) About 41% of bank real estate investments, excepting single-family mortgages, are not earning income, and 2) Bank nonperforming loans are concentrated in real estate, which provide from one-half to three-fourths of all banking industry problem loans.

So bankers are cutting out. Most widely watched retreat, but not necessarily the most typical, is bank willingness to run from the deeply troubled Chase Manhattan Mtg. & Realty Trust. CMR and its banks agreed upon broad outlines of a rescue plan several weeks ago (RTR, March 25) but outcome was chancy. Since then, events have happened so fast their import may have been lost for investors. Those events: 1) Banks agreed to pay about \$226.4 million cash and debt reduction for \$205 million Chase assets; 2) Banks further agreed to take 80¢ on the dollar for \$48.6 million debt; 3) Public holders of \$13.3 million of 7-7/8% senior notes also decided to take the same 80% of face amount; 4) CMR sold a block of earning assets and used cash to repay another \$128.9 million bank debt.

The stampede for the exits means Chase Trust will have cut bank debt from \$556 million to about \$167 million by May 31, with total debt down to about \$295 million.

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GROUP RATES ON REQUEST

We estimate CMR will report about \$60 million extraordinary gains (about \$12.25/sh.) on these transactions in the May quarter, restoring negative shareholders' equity to about zero. On the asset side, CMR should be left with about \$440-450 million invested assets, virtually all nonearning, and \$145 million loss reserve. About three-fourths of these assets appear to have some workout potential over two-three years while the remaining one-fourth will require many years to cure. This tough part includes \$90 million in Palmas del Mar resort in Puerto Rico.

To complete restructuring, Chase Trust plans to offer in early June to exchange a new subordinated convertible debenture (with terms to be fixed later) for all of its \$84.7 million in three outstanding subordinated issues. Depending upon reception, this could give CMR another \$10-\$30 million gains, or \$2-\$6/share positive book value. If all this works out, Chase's next hurdle will be maturity of the remaining \$36.7 million of the 7-7/8% notes in little less than a year, on May 1, 1978. Some accommodation will obviously be required then. Much has been accomplished to lift CMR shares out of the disaster class and we have raised them to a 4N ranking. The notes and debentures are now a speculative hold as this bailout unfolds.

Potentially more rewarding for shareholders is the less complex restructuring proposed for State Mutual Investors by its life insurance company sponsor. State Mutual Life Assurance will make a cash tender offer for a minimum 85% of State's 9% senior subordinated notes due 1980 at 72½% of face amount, and for up to 90% of the 6-3/4% convertibles at 50% of par. The sponsor would then offer these tendered bonds to the trust at cost. The sponsor also will pay the trust \$50 million for \$37 million written-down value of assets. The trust would then use this \$50 million to buy tendered bonds and cut its bank debt from \$55 million to \$20 million. Finally, banks will provide credit for three years. If all phases are completed--and we rate the chances good even though a debenture holder has sued to stop the deal--trust book value would rise to about \$24 million, or about \$8.60/sh. We have raised the shares to a 3N ranking to recognize the dramatically improved prospects.

In this same vein Citizens Mortgage Investment Trust plans to offer its banks \$50 million written-down value of assets in exchange for cancellation of its \$56 million bank debt. If banks accept, they'd get warrants or shares to have two-thirds control of the trust. Lastly, Citizens would tender for its \$20 million of 8½% senior subordinated debentures at \$300 per \$1,000 principal; 70% must accept. If all goes well, stated equity would rise to about \$1.30/sh., not enough to excite us. Share ranking is moved up to 4N.

With the big bailout spirit abroad, investors have opportunity to pick other candidates. We favor deeply troubled trusts with major sponsors and our picks are BT Mortgage Inv., sponsored by banking giant Bankers Trust New York Corp.; IDS Realty, sponsored by mutual fund giant Investors Diversified Services; and Continental Illinois Realty, backed by the Chicago bank of the same name. But our speculation here is on the size and intentions of sponsors, not trust fundamentals.

At the same time a fairly broad-based real estate recovery should help the better situated viable trusts, the unquestioned survivors. We've upgraded other trusts with brightening prospects and good strategic position, mainly low leverage and acceptable portfolio quality. Remember: Rankings are based on current price relative to prospects, not on portfolio quality. Northwestern Mutual Life Mtg. moves to No. 1 for expected benefits of curing problems. No. 2 rank adds BankAmerica Realty, Hubbard RE, San Francisco RE and Wells Fargo Mtg.

Among non-dividend payers, Bay Colony Property Co. (formerly Cabot, Cabot & Forbes) moves to 2N for expected reduction of problem loans. Moving up a notch to either 3N or 4N are Alison, American Century, Amer. Realty, Barnes Mtg., Benef. Std. Mtg., Cameron-Brown, First of Denver Mtg., MI of Washington, No. Amer., Saul and UMET.

Four trusts are lowered: Continental Illinois Properties and Riviere Realty because of limited upside potential. Consolidated Capital Realty ran into two loss quarters (Nov. and Feb.) as rapid growth wasn't digested. Dividends exceeded cash flow and caution is best. Justice Mtg. Inv. ran into a debenture holder committee that declared \$9.6 million bonds due immediately when interest wasn't paid. Both sides are talking but best to sit this one out till something jells.

RELATIVE APPEAL RANKINGS AND LATEST RESULTS

Relative Appeal (RA) Rankings, shown in the extreme left column, give Audit Investment Research's current view of relative attractiveness of current share purchases. All Trusts are ranked from 1 to 5 based upon dividend and capital preservation outlook. Non-dividend paying trusts are designated with an "N" beside their ranking. Each trust comment contains brief advice on suitability of both shares and bonds. Average market risk is assumed for all share purchases. Changes in rankings are indicated by ↑ UP ↓ DOWN. Relative Appeal Rankings mean:

- 1--Highest appeal with lowest market risk; Dividend outlook stable to up, or may be resumed shortly.
- 2--Above average appeal, somewhat higher market risk; Dividend may vary quarterly or be resumed in 1-2 years.
- 3--Average appeal and market risk; Dividend fluctuates or resumption possible longer term.
- 4--Below average appeal, high market risk; Dividend cuts or omissions possible.
- 5--Least appeal; Dividends in peril or not foreseen; Serious problems: SEC trading halt; no auditor's

opinion; serious debt defaults; Chapter XI; negative equity; banks calling loans.
NON-DIVIDEND paying trusts are not recommended for income investors, but may have special "Trading" appeal as speculations upon quick price moves based on dividend resumption, trust recovery, money market rates or other news.

Portfolio shows: invested assets in millions of dollars (M); % of problem, non-earning assets; & property type mix.

Financing shows: leverage ratio of all debt to shareholder equity (over 20-to-1 ratio shown as "high leverage"; current financing arrangements.

Results compare latest quarter earnings and dividends with previous quarter. Share amounts are shown unless indicated as million dollars (M). EPS=earnings per share; CFS=net cash flow per share. Data, rankings and advice reviewed bimonthly.

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- ↑ 3N-ALISON MTG (2/13/6-Inter. mtg.-Oct FY) CAN END REIT. Self-admin. Port.: \$230M, 77% nonearning; Mix: 33% condos, 16% apts., 15% land. Financing: High leverage; \$172M credit at 1% minimum inter., to 10/77 initially, with contingent interest and asset pledge; \$18M of 8-3/4% sr. debentures tendered at 30. Results: Jan. Q \$14.90 after \$16.02 gain v. nil. Bonds: Hold. Shares: Trading play on swaps.
- ↑ 3N-AMER CENTURY (4/15/4-ST mtg.-June FY) Port.: \$142M, 69% nonearning; 48% foreclosed; Mix: 27% condos, 19% land, 37% office & hotel, 10% apts. Financing: 6.8 leverage; \$93M credit at 5% minimum interest, ending 10/1/78, + contingent int. for 10 yrs.; Swapped \$18M loans. Results: Mar. Q d18c after 33c swap gain v. d12c after 16c gain. Bonds: Speculative yield. Shares: Trading
- 4N-AMER FLETCHER (4/15/4-ST mtg.-Jan FY) NON-QUAL REIT. Port.: \$88M, 93% nonearning & reduced rate; 63% foreclosed; Mix: 33% condos, 31% land & devel., 14% apts. Financing: Neg. equity; \$60M credit to 7/31/77 at 2% inter. with contingent interest; repaid \$3M. Results: Jan. FY d\$6.45; Jan. Q EPS d\$3.24 after \$2.47 loss prov. v. d\$1.32. Shares: Trading; ASE delisting possible.
- ↑ 4N-AMER REALTY (8/12/4-Eq&Mtg-Sep FY) Port.: \$42M, 33% nonearning; Mix: 25% mortgages, 75% equity, 40% hotels/motels, 29% land. Washington, D.C. area. Financing: 4.5 leverage; \$16.3M notes secured by assets; debent. int. late; SEC suit dismissed; no auditor's opinion 1976. Results: Dec. Q EPS 9c after 29c bad debt recovery v. d23c. Bonds & shares: Trading; ASE suspended
- 4 -API TRUST (No review-Equity-Mar FY) Port.: \$53M, 6% nonearning; 70% in 26 shopping centers, most net leased, & 23% in mtgs. Financing: 3.4 leverage; 50% by mortgages on property, 50% by short-term loans. Results: Dec. Q EPS 5c v. 21c; CFS 8c v. 31c; Div. 10c unch. Shares: Lee Nat'l may offer preferred for shares
- 4N-ATICO MTG. (11/11/4-ST mtg.-Oct FY) NON-QUAL REIT. Port.: \$144M, 93% nonearning, 47% foreclosed; Mix: 59% condos, 17% land & devel., 24% apts.; 90% Fla. Financing: 5.8 leverage; \$78M credit at 1 1/2% cash inter. + 4-yr. contingent inter. due 3/77, renog. \$29M swapped. Results: Jan. Q EPS d37c after 32c gain v. d77c. Bonds: Risky yield. Shares: Trading, play on Florida condo recovery
- ↑ 2N-ATLANTA NATL (4/8/7-LT mtg.-Aug FY) NON-QUAL REIT. Port.: \$33M, 65% nonearning; Mix: 16% medical, 27% condo, 25% apts. Financing: 1.1 leverage; \$13.6M credit at 132% of prime, assets pledged; Missed part of recent principal payments; Seeking debt extension. Results: Feb. Q EPS d30c after 24c loss prov. v. d30c after 12c loss prov. Shares: Speculation on condo recovery
- ↓ 4 -BAIRD & WARNER (2/11/7-ST mtg.-July FY) Port.: \$39M, 35% nonearning; 32% industrial, 17% condos, 15% apartments. Financing: 1.1 leverage; Bank lines cut \$15M to \$32M (\$7M borrowed). Dividends: Paying last of four 24c qtrly. from FY'76 income; FY'77 div. after end of year. Results: Jan. Q EPS 3c v. 13c after 17c gain. Converts: Speculative yield. Shares: Long-term recovery potential.
- ↑ 2 -BANKAMERICA RLTY (4/8/7-Eq.&Mtg.-July FY) Port.: \$226M, 29% nonearning; Mix: 51% mtgs., 49% equity: 27% apts., 20% shop. ctrs., 20% office, 14% hotel. Making new commitments. Financing: 3.1 leverage; \$66M comm. paper, \$27M bank notes, \$30M secured mtgs. Results: Jan. Q EPS 55c after 35c gain & no loss prov. v. 21c; Div. 13c v. 10c. Sponsor buying 25T shs. Converts: For yield Shares: Buy for recovery
- ↑ 3N-BARNES MTG (12/9/4-ST mtg.-Sep FY) CAN END REIT STATUS. Port.: \$98M, 72% nonearn; 31% foreclosed; Mix: 47% condo, 24% land; 28% Puerto Rico, 36% Fla. Financing: 2.9 leverage; \$79M bank lines at 125% of prime, expired 7/31/76; Negotiating new credit. Results: Dec. Q EPS d31c v. d\$1.13. Shares: Speculative, very long-term recovery
- 5N-BARNETT MTG (3/12/6-ST mtg.-Mar FY) NON-QUAL REIT. Port.: \$152M, 93% nonearning; Mix: 38% condos, 18% apts., 18% land. Financing: \$16M neg. equity; \$84M credit at 1% + contingent inter.; \$182M swapped; debt reduction goals in default; Subor. debt inter. unpaid since 9/76. Results: Dec. Q EPS d\$1.56 after 97c loss prov. v. d\$2.93 Bonds: In default; Avoid. Shares: Avoid
- 4N-BARNETT-WINSTON (8/12/4-Inter. mtg.-Sep FY) NON-QUAL REIT. Port.: \$96M, 86% non- & low earn, 62% foreclosed; Mix: 38% apts., 31% land & devel., 11% condos. Financing: High leverage; \$31M credit to 6/77 at prime + 8-yr. contingent; Dec.'76 debenture int. unpaid. Results: Dec. Q EPS d67c no loss prov. & 5c gain v. d\$1.48. Bonds: In default; For swaps only. Shares: Avoid
- ↑ 2N-BAY COLONY PROP (4/9/6-Subor. land-May FY) NON-QUAL REIT FY'78. Self-admin. Port.: \$240M, 67% non- & low earning; 55% foreclosed; 27% undevel. land, 73% completed props.; 16% office, 30% apts. Financing: 8.4 leverage; \$95M bank debt at 5% + cont. int. Results: Feb. Q d42c after 32c gain v. 60c after 75c adjustments & 14c gains. Selling some major problems. Bonds: Risky yield. Shares: Trading.
- ↑ 3N-BENEF STD MTG (12/9/4-ST mtg.-July FY) NON-QUAL REIT. Port.: \$63M, 74% nonearn; 50% foreclosed; Mix: 30% land & devel., 19% condos, 12% motels. Financing: High leverage; \$35.1M revolver to 12/78 at 125% prime, with possible 4% forgiveness. Results: Jan. Q EPS d18c after 25c loss prov. v. d24c. Converts: Speculative yield. Shares: Trading
- 4N-BRT REALTY TR (12/10/3-Eq&Mtg-Nov FY) Port.: \$27M, 75% nonearning; Mix: 42% hotel/motel, 18% condos, 16% land & devel. Financing: 2.2 leverage; \$14.7M at 125% of prime to 9/16/77. Results: Feb. Q EPS d9c v. d22c. Shares: Long recovery
- ↑ 3N-BT MTG INVESTORS (2/13/6-ST mtg.-Sep FY) CAN END REIT STATUS. Port.: \$152M, 65% nonearning, 28% foreclosed; Mix: 31% apts., 14% land, 10% nursing homes. Financing: \$5M neg. equity; \$114M credit at 4% minimum, to 9/77, with contingent int.; Sponsor Bankers Trust N.Y. lends 55% of credit. Results: Dec. Q EPS nil v. d\$2.70. Bonds: Speculative yield. Shares: Speculation on sponsor aid.
- 5N-BUILDERS INV (6/10/4-ST mtg.-Sep FY) NON-QUAL REIT. Self-admin. Port.: \$378M, 92% nonearn; 38% foreclosed; 53% condos & 1-family, 13% land & devel. Financing: High leverage; \$373M debt restructured at 1% inter. to 9/77, higher after, with asset pledge & contingent inter. Results: Dec. Q \$6.10 after \$9.14 credit v. d\$4.57 after \$2.10 gain & \$5.90 loss prov. Shares: Avoid
- ↑ 3N-CAMERON-BROWN (10/14/4-ST mtg.-Dec yr) NON-QUAL REIT. Port.: \$147M, 37% nonearn, 46% low-earn; 64% foreclosed; 35% apts., 25% land & develop., 13% condos. Financing: 6.0 leverage; \$106.1M credit at 3% min. int. to 12/31/78 plus accrual to lessor of 9% or prime; No swaps. Results: Dec. Q EPS d95c v. d85c. Shares: Trading or long term speculation.

RELATIVE APPEAL RANKINGS - Continued from page 3

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- 4N-CAPITAL MTG(6/10/4-ST mtg.-Dec. FY) NON-QUAL REIT. Port.: \$119M, 71% nonearn, 45% foreclosed; Mix: 32% land, 20% condos; 55% Md. & Vir. Financing: High leverage; \$80M credit at 2% extended to 6/77, with contingent inter. to 1983, renego. \$23M swapped. Results: Mar. Q EPS d79c after 43c gain v. d78c. Converts: Spec. yield. Shares: Trading only
- 3N-CENTRAL MTG (12/9/4-ST mtg.-Mar FY) Port.: \$32M, 40% nonearn, 42% low-earn; 29% land acqui., 26% apts., 20% comcl. & indust. Financing: 2.0 leverage; \$23M credit with banks, at 117% of prime rate. Results: Dec. Q EPS d41c after 36c loss prov. v. d44c after 43c loss prov. Shares: Hold for long-term recovery
- 4N-CHASE MANHATTAN MTG(3/12/6-ST mtg.-May FY) NON-REIT PWR. Port.: Approx. \$440M, 95% nonearn; Mix: 21% land & devel.; 19% condos, 20% office, 16% shop. ctrs. Financing: Proforma zero equity; bank debt now \$167M; Agreed on \$175M bank loan to 12/31/81 at 6% inter.; Completing \$226M swaps. Results: Feb. Q EPS d\$1.34 after 28c gain v. 82c after 88c gain; Expect about \$12.25 swap gain in May Q. Bonds: 26% of \$50M of 7-7/8% sr. notes tendered at \$80; swap on others expected in June; Hold. Shares: Very speculative trading
- 4N-CI MTG GROUP (6/10/4-ST mtg.-Oct FY) NON-QUAL REIT. Port.: \$288M, 94% nonearn., 38% foreclosed; Mix: 45% apts., 15% office, 14% land, 13% condos. Financing: \$1.4M Neg. equity; \$235M credit at 2% cash interest (but accrued at 3 3/4%), increasing to 6% at maturity 6/30/80; contingent inter. to 1985; all assets pledged; \$40M swaps closed. Results: Jan. Q EPS 23c after 13c tax benefit & 36c gain v. d\$1.02 after 62c loss prov. & 17c gain. SEC probe continues. Shares: Trading only
- 2N-CI REALTY INV (10/8/6-Equity-Feb FY) NON-QUAL REIT. Port.: \$140M, 7% nonearn, 6% foreclosed; Mix: 87% ownership, 7% mtgs.: 57% apts., 29% office. Financing: 2.4 leverage; \$103M debt is \$74M mtgs. on property, \$12M bank credit to 6/1/77 at 130% of prime. Sold apts. to repay banks. Results: Nov. Q EPS d6c after 3c gain v. d7c; CFS 9c v. 10c. SEC probe cont. Shares: L/T recovery; buyout
- 3N-CITINATIONAL DEV (No review-ST mtg.-Mar FY) Port.: \$15M, 82% nonearning; Mix: 30% office, 28% 1-family. Financing: 0.6 leverage; \$2.1M (at 9/76) notes at prime to 3/77 when back inter. due. Results: Sept. Q EPS d7c v. 5c. Shares: Limited interest
- 5N-CITIZENS & SO RLTY(3/12/6-ST mtg.-Sep FY) NON-QUAL REIT. Port.: \$403M, 83% nonearn; 54% foreclosed; Mix: 24% condos, 21% land, 20% apts.; 38% Ga., 22% Fla. Financing: \$27M neg. equity; \$267M credit at 1% cash inter. to 9/78, + contingent inter. to 1985. Missed 4/77 debent. int. Results: Dec. Q EPS \$1.57 after \$5.02 swap gain v. d\$9.47. Bonds: Tender/swap speculation. Shares: Avoid or trade
- 4N-CITIZENS GROWTH (8/12/4-Equity-Jan FY) Port.: \$32M, 21% nonearn; Mix: 24% office, 23% motels, 21% improved land. Financing: 3.5 leverage; \$9M credit at 6% with contingent inter. & assets pledged; interest default and talking with banks. Results: Oct. Q EPS d\$2.11 after 87c gain & \$2.59 loss prov. v. d64c after 12c loss prov. & 4c loss. Shares: Avoid for now
- 4N-CITIZENS MIT (2/13/6-ST mtg-Dec FY) NON-QUAL REIT. Port.: \$77M, 76% nonearn; 63% foreclosed; Mix: 35% land & devel., 20% condos, 21% apts. Financing: \$17M neg. equity; \$60M term loan expired 10/76; Proposes swapping some assets to pay all bank debt; Subor. notes inter. missed 10/15/76. Results: Dec. Q EPS d82c after 19c loss prov. credit & 7% gain v. d\$1.89 after \$1.10 loss prov. Bonds: In default; Tender at 30 proposed. Shares: Restructuring speculation.
- 2N-CLEVETRUST RLTY (2/11/7-LT mtg.-Sep FY) NON-QUAL REIT. Port.: \$113M, 47% non & 15% low earn; Mix: 60% equity, 27% apts., 27% comcl., 18% land, 17% office. Financing: 2.8 leverage; \$63.8M two-yr credit at prime but not over 7 1/2%; contingent inter. for 4-6 yrs. Results: Mar. Q EPS d14c v. d18c. Shares: Hold for long-term recovery
- 4N-COLWELL MTG(2/13/6-ST mtg.-Dec FY) Port.: \$171M, 49% non- & low earn, 38% foreclosed; 38% apts., 14% hotel/motel, 14% shop. ctrs. Financing: \$2M neg. equity; Default on \$120M credit at 2% cash inter. + cash flow + contingent inter; Missed 3/77 debenture inter. Results: Dec. FY d\$4.74; Dec. Q EPS d\$2.71 v. d\$1.51. Bonds: In default; High risk buy. Shares: Avoid pending credit progress.
- 2 -CONN GEN M&R(7/9/6-LT mtg.-Mar FY) Port.: \$329M, 6% nonearn, 6% low; 9% foreclosed; 34% regional shop. ctrs., 30% apts., 15% indust., 10% office. Financing: 2.3 leverage; \$248M debt is 17% comm. paper, 6% ST bank loans, 30% LT loans, 15% mtgs., 31% converts. Results: Mar. Q EPS 34c v. 32c; Dec. CFS 40c v. 36c; Div 40c unch.; Converts: Low, safe yield. Shares: Hold long term
- 4 -CONSOL CAP RL (5/14/6-Equity-Nov FY) Port.: \$142M, 0 nonearning; 80% apts. with 6,253 units, 15% shop. ctrs., 2% GNMA's. Financing: 2.3 leverage, \$95M secured mtgs. Results: Feb. Q EPS d24c v. d18c; Nov. FY CFS \$1.83, Q 32c. Div. May monthly 16.84c unchanged & about 78% taxfree capital return due low mtg. amortization. Shares: Speculative income, over book
- 3 -CONT ILL PROP (1/16/6-Equity-Oct FY) Port.: \$177M, 1% foreclosed & nonearning; Mix: 57% apts., 35% shop. ctrs. Financing: 0.8 leverage; \$34M bank lines and \$71M mortgages on property. Results: Jan. Q EPS 20c after 7c gain v. 11c; CFS 22c before gain v. 25c; Div 32c unch. Shares: Limited upside
- 4N-CONT ILL RLTY (2/13/6-ST mtg.-Mar FY) CAN END REIT Port.: \$266M, 30% low & 46% nonearn; 22% foreclosed; Mix: 20% condos, 18% apts., 25% land. Financing: High leverage; \$192M at 4% minimum inter. plus contingent inter., to 6/1/77; reneg. lower int. Results: Dec. Q EPS d14c v. d42c after 32c loss prov. Bonds: Tender/swapout speculation. Shares: Trading or very long-term recovery
- 5N-CONTINENTAL MTG(11/11/4-ST mtg.-Mar FY) NON-QUAL REIT. Port.: \$596M, 92% problem; 29% foreclosed; 27% condos, 22% recreation, 18% land. Financing: \$72M neg. equity; Filed Ch. XI 3/8/76 & liquidation ordered but stayed by Chapter X filing 10/22/76. Results: Dec. 9 mo. EPS 85c v. d13c. Bonds & shares: Avoid, protracted litigation.
- 4N-COUSINS MTG&EQ (3/12/6-LT mtg.-Aug FY) NON-QUAL REIT. Self-admin. Port.: \$214M, 65% nonearn; Mix: 18% apts., 39% land/devel., 18% hotel/motel. \$122M swapped. Financing: High leverage; \$136M credit at 4% inter., plus contingent inter. thru 1986; Credit matures 12/31/77; Results: Feb. Q EPS d27c after 20c gain & 56c loss prov. v. d40c after 96c loss prov. Bonds & shares: Trading
- 3 -DENVER REIA(1/13/5-Equity-Dec FY) Port.: \$46M, 27% low earning office park; Mix, by revenues: 15% apts., 22% shop. ctrs., 14% motel, 44% off. & comm., 5% mtgs.; most Colo. Financing: 4.0 leverage; \$30M property mortgages, \$5M debentures. Results: Dec. Q EPS 8c v. 7c; CFS 17c v. 20c, low mtg. amortization; Mar. div. 15c unch.; '76 div 35% tax-free. Shares: Hold for income
- 5N-DIVERSIFD MI(8/12/4-Inter. mtg.-Dec FY) NON-QUAL REIT, Self-admin. Port.: \$312M, 62% nonearn, 28% foreclosed; Mix: 46% secondary homesites, 7% primary homesites, 20% raw land, 26% prop. Financing: 4.2 leverage; \$230M loan agree. to 3/31/80 at 7 1/2% plus contingent interest to 130% prime. Results: Mar. Q EPS d39c after 11c credit v. d\$1.06 after 70c gain. Shares: Avoid
- 5N-DOMINION M&R(No review-ST mtg.-May FY) NON-QUAL REIT. Port.: \$41M, 94% nonearn, 87% foreclosed; Mix: 45% condos (mostly Fla.), 17% motels, 14% apts., 8% shop. ctrs., 16% other. Financing: \$5M neg. equity; \$20M bank notes called Mar.'76; 3 banks sued 6/76; 5/76 debent. int. not paid. Results: Feb. Q EPS d\$1.63 v. d\$1.39 after 7c gain & 19c loss prov. Bonds & shares: Avoid
- 2 -EQUIT LF MTG(7/9/6-LT mtg.-Oct. FY) Port.: \$367M, 9% nonearning; 40% LT mtgs., 44% const. & Devel.; Mix: 31% shop. ctrs., 20% tracts & land, 11% office. Financing: 1.8 leverage; \$232M debt is 53% comm. paper, 31% notes, 32% master notes, 3% conv. Results: Jan. Q EPS 59c v. 54c; Apr. Div. 55c v. 55c + 4c yr-end. Shares & bonds: Buy for yield plus modest growth
- 3 -FEDERAL RLTY(4/9/6-Equity-Dec. FY) Self-administered. Port.: \$25M, No nonearning; Cash flow 20% apartments, 80% shopping centers; Wash., D.C. area. Financing: 1.0 leverage; \$13.2M debt, all secured mtgs.; Sold 340T shares at 12 1/2 June '76. Results: Mar. Q EPS 30c v. 33c year ago; Div. 31c unch. Shares: Hold; possible near-term dilution
- 4N-FIDELCO GROW(5/9/5-LT mtg.-Nov. FY) NON-QUAL REIT. Port.: \$132M, 76% nonearning; Mix: 22% land (developed & raw), 31% condos, 14% apts., 13% hotels; 32% Penn., 22% Fla.; Financing: 4.2 leverage, \$99M debt renegotiation hinges on major swap. Results: Nov. FY d\$7.30; Nov. Q EPS d\$2.68 v. d\$2.09 after 98c loss prov. Shares: Avoid
- 5N-FIDELITY MI(No review-ST mtg.-Oct. FY) NON-QUAL REIT; Self-admin.; Chap. XI Jan. 1975. Port.: \$195M, 89% nonearn, 54% foreclosed. Mix: 44% commercial, 32% residential, 24% land; 21% Fla., 16% Cal. Financing: \$57M Negative equity; owes \$133M bank debt; Reached preliminary agreement to repay debt at 60% of principal. Results: Oct. FY d\$2.49; Oct. Q EPS d\$1.32 after \$1.07 loss prov. v. 8c Shares: Avoid

RELATIVE APPEAL RANKING - Continued from page 4

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- 4N-FIRST COMMERCE(12/9/4-ST mtg. Dec. FY) CAN END REIT. Port: \$37M, 85% nonearn; 68% foreclosed; Mix: 34% land, 31% condos & singles; 60% La., 40% other South. Financing: 1.5 leverage; \$29M credit at 117% prime plus $\frac{1}{2}\%$ of unused. Results: Dec. Q EPS d\$1.34 after \$1.19 loss prov. v. d\$1.90 after \$1.58 loss prov.; Dec. FY d\$6.13. Shares: Avoid till progress shown
- 2 -FIRST CONTNL(2/11/7-ST mtg. Feb FY) Port: \$45M, 11% nonearn, 7% foreclosed; Mix: 45% constr. loans, 47% development, 6% land; 88% Tex. Financing: 1.3 leverage; \$32M credit @ $\frac{1}{2}\%$ over prime, 10% + 10%; must pledge assets equal to debt if demanded. Results: Nov. Q EPS 22¢ v. 20¢; div 22¢ v. 20¢; Making new commitments. Shares: Speculative income and recovery
- 4N-FIRST DENVR MI(10/14/4-ST mtg. Sep FY) NON-QUAL REIT. Port: \$114M, 80% nonearning; 45% foreclosed; Mix: 17% land, 16% condos-secondary, 18% condos-primary, 11% motels. Financing: High leverage; assets pledged; \$103M credit to 6/30/77, 2% inter. or cash flow + contingent inter. to 125% base rate. Results: Mar. Q EPS d27¢ v. d19¢ with no loss prov. Shares: Trading, recovery speculation.
- 3 -FIRST FIDELITY(No review-Equity-Nov FY) Port: \$31M, 15% nonearning; Mix: 53% shop. ctrs., 33% office; Financing: 2.3 leverage; \$20M secured mtgs. Results: 6 mon. Nov. EPS 10¢ v. d20¢; Div. two 7¢ specials. Shares: Speculative recovery/buyout
- 4N-FIRST MEMPHIS(9/9/4-LT mtg. Nov FY) NON-QUAL REIT. Port: \$78M, 51% nonearning; Mix: 10% land, 16% condos & singles, 17% offices, 10% industrial, 13% hotels, 27% apts. Financing: 8.6 leverage; \$52M credit at 6% to 11/30/78, asset swap planned; Results: Feb. Q EPS d27¢ v. d\$2.37. Shares: Speculative till workout progresses
- 5N-FIRST MTG IN(6/10/4-ST mtg. Jan FY) NON-QUAL REIT. Self-admin. Port: \$519M, 79% nonearn; 54% foreclosed; Mix: 34% hotel/motel, 22% apts., 16% land, 10% condos; Financing: \$58M Neg. equity after pfd. at par; Credit expired 2/77, seek renewal; May offer 50% of par or 5 yr. payout for 8% debs. maturing 7/1/77. Results: Oct. Q EPS 35¢ after \$1.43 gain & \$1.09 loss prov. v. d83¢ after 32¢ gain & 99¢ loss prov. Bonds: For asset swaps. Shares: Avoid
- 3N-FIRST PENN MT(10/14/4-ST mtg. Jul FY) NON-QUAL REIT. Port: \$180M, 80% nonearn, 60% foreclosed; Mix: 29% condos, 32% comcl. & indust., 11% singles, 18% land; 24% Fla. Financing: 6.2 leverage, \$117M credit at 4% min. cash + accrual to prime + contng. to 130% prime. Results: Jan. Q d79¢ v. d58¢. Converts: Speculative yield. Shares: Trading
- 2 -FIRST UNION(4/22/7-Equity Oct FY) Port: \$165M, 10% low earning; Mix: 70% major office, 25% shop. ctrs., 5% motor inns; internally managed. Financing: 4.0 leverage; \$134M debt: 66% secured mtg., 22% short, 12% conv.; Sold \$10M preferred + \$25M debt. Results: Jan. Q EPS 20¢ v. 21¢; CFS 29¢ v. 29¢; Apr. div. 25¢ unch. Shares & Bonds: Buy for quality income
- 5N-FIRST VIRGINIA(8/12/4-Inter. mtg.-Jun FY) CAN END REIT, Self-admin. Port: \$90M, 46% non- & 12% low-earn; 54% foreclosed. Mix: (Problems) 38% condos, 21% land; 37% Virginia, 30% Fla. Financing: High lev.; \$52M credit to 12/79 at 4% + accrual 125% prime; 66% of 8% notes accept new 4% notes; Ends 5/16. Pledged assets. Results: Dec. Q EPS d51¢ after 51¢ loss prov. v. d72¢. SEC probe. Bonds: Inter. delay. Shares: Avoid
- 5N-FIRST WISCONSIN MT(No review-ST mtg.-Dec FY) Port: \$174M, 97% nonearn, 66% foreclosed; Mix: 24% condos, 33% apts., 26% land; 43% southeast, 29% midwest; Financing: 12.7 leverage, \$130M bank debt @ 1% to 5/80. Results: Dec. FY d98¢; Dec. Q EPS 80¢ after 54¢ tax credit & \$1.10 gain v. d29¢ aft 2¢ loss prov. Shares: High risk, long recovery
- 2N-FLATLEY RLTY(11/26/6-Eq&Mtg.-June FY) Self-admin. Port: \$20M, 45% nonearn; 44% foreclosed; Mix: 35% apts., 47% shop. ctrs.; 91% Mass. Holdings: 94% equity, 6% loans. Financing: 2.4 leverage, \$16M debt is 87% secured mtgs. Results: Dec. Q EPS 27¢ v. 4¢. Shares: Buy pending workout progress, recovery toward book value possible
- 2 -FLORIDA GULF(5/14/6-Equity-Apr FY) Port: \$32M, one vacancy caused by Grant liquidation; Mix: 93% shop. ctrs. (strip) 7% offices; 92% Florida. Financing: 1.2 leverage; \$17M debt all secured mtgs. Results: Jan. Q EPS 14¢ v. 13¢ in '76; CFS 32¢; div. 32¢ unch., 55% tax-free; One vacant Grant leased early '77. Shares: Buy for yield; limited growth
- 3N-FRANKLIN RLTY(12/10/6-Eq&Mtg.-Jun FY) NON-QUAL REIT, mgmt. services. Port: \$35M, some vacancies; Mix: 86% equity, 14% mtgs. Equities: 13 offices midwest & Fla., 5 apts., 2 motels, 1 land tract. Financing: 3.8 leverage; \$28M debt: 59% secured, 23% short, 18% conv. Results: Dec. Q EPS d5¢ v. d20¢ after 9¢ writedown. \$9M loans sold. Converts: Hold. Shares: Buyout
- 3 -FRASER MTG(11/26/6-ST mtg.-May FY) Port: \$51M, 12% problems; Mix: 15% constr., 17% land, 20% completed projects, 38% long-term; 31% Ohio, 25% Fla. Financing: 2.4 leverage; \$40M debt short term; Results: Feb. Q EPS 24¢ v. 24¢ after 7¢ loss prov.; div. 25¢ unch. Shares: Hold for recovery
- 1 -GENERAL GROW(5/14/6-Equity-Sep FY) Port: \$257M, 0 problems; Mix: 74% shop. ctrs. (major Midwestern malls), 18% apts., 8% motels; \$18M apts. sold. Financing: 5.4 leverage; \$217M debt: 85% secured mtgs.; Sold \$24M 9 1/8% 20-yr notes 4/77. Results: Mar. Q EPS 33¢ after 5¢ gain v. 28¢; CFS 36¢ v. 36¢; Div. 35¢ unch., over 50% tax-free. Shares: Buy longer term growth, unique development ability
- 3N-GOULD INVST(3/10/5-Equity-Sep FY) Port: \$43M, 5% nonearning; Holdings: 83% equity, Properties- NYC office (19% of port.), 6 apts., 13 shop. ctrs.-strips, 8 restaurants, 5 offices. Financing: 4.7 leverage; 87% secured mtgs. Results: Dec. Q CFS 20¢ before 11¢ gain v. 8¢ + 8¢ gain; EPS 8¢ before 11¢ gain & 4¢ credit. 1976 yearend div. 10¢. Shares: Recovery
- 3 -GREIT RLTY(8/8/5-Equity-Oct FY) Port: \$37M, 2% nonearning; Mix: 60% shop. ctrs., 30% offices & urban stores, 8% apts., 2% mtgs. Financing: 2.3 leverage; \$26M debt, secured mtgs. Results: Jan. Q EPS 15¢ v. 12¢; CFS 25¢ v. 19¢; July div. 10¢ unch.; Est. under 50¢ EPS in 1977 FY. Shares: Speculative income
- 5N-GRT AMER M&I(3/11/4-ST mtg- Jul FY) NON-QUAL REIT. Self-admin. Port: \$350M, 94% nonearning; Mix: 42% apts., 14% condos, 18% land. Financing: Filed Chap. XI 3/77; \$53M neg. equity; \$273M credit @ 1% w/contin. inter. Results: Jan. Q EPS d20¢ after 55¢ gain & 60¢ loss prov. v. 44¢ after \$1.51 swap gain. No auditor opinion. Shares: Avoid Bonds: Avoid
- 5N-GUARDIAN MI(3/12/6-ST mtg.-Feb FY) NON-QUAL REIT. Self-admin. Port.: \$328M, 77% nonearn, 43% foreclosed; Mix: 38% land, 20% condos, 11% singles, 14% hotel/motel. Financing: \$31M Neg. equity; \$360M credit repayment missed; \$122M swapped; seeks extension. Results: Nov. Q EPS \$1.48 after \$3.91 gain & \$1.53 loss prov. v. d\$1.15. Bonds: Tender candidate. Shares: Trading; NYSE suspended.
- 3N-GULF MTG&RLY(2/13/6-LT mtg.-Feb FY) NON-QUAL REIT. Port.: \$127M, 62% nonearning; Mix: 35% apts., 22% land, 16% motels, 10% offices; 74% Southeast. Financing: 7.9 leverage; \$66M credit to 7/17/78 at 2% to 5/77, 4% after; + contng. inter. to 125% prime for 5 yrs. Results: Feb. Q d\$1.23 after \$1.08 loss prov. v. d26¢. Bonds: Hold for now. Shares: Recovery speculation.
- 4N-HAMILTON INV(11/12/3-ST mtg.-Dec FY) NON-QUAL REIT. Self-admin. Port: \$108M, 47% nonearn, 36% part; Mix: 52% apts., 12% condos, 13% offices, 9% shop. ctrs., 13% land; 26% Okla., 21% Fla. Financing: 6.0 leverage; \$86M credit @ $\frac{3}{4}\%$ or net income w/contingent inter. to 130% prime, forgiven 8/86. Results: Mar. Q EPS d18¢ v. d33¢ after 45¢ gain & 69¢ loss prov. Shares: Avoid for now
- 3N-HANOVER SQ RL(12/10/6-ST mtg.-Aug FY) Port.: \$44M, 26% nonearn, 22% low-earn; Mix: 61% residential, 21% shop. ctrs., 11% offices, 8% land; 29% NY, 18% Fla., 17% No. Car. Financing: 2.8 leverage, \$30M credit @ 124% prime. Results: Feb. Q EPS 2¢ after 22¢ int. recovery v. d17¢ after 19¢ recovery. Converts: Speculative income buy. Shares: Buy/hold for recovery
- 4N-HEITMAN MTG(11/11/4-ST mtg.-Dec FY) Port.: \$175M, 67% non- & low-earn; Mix: 26% shop. ctrs., 23% condos, 18% offices, 10% apts., 12% land; 27% Ill., 13% other Midwest, 20% Cal. Financing: 13.4 leverage; \$105M credit to 4/78 @ 4% w/contng. interest; \$50M swap. Results: Dec. Q EPS d61¢ v. 4¢ after 15¢ loss prov.; Dec. FY D54¢. Converts: High risk hold. Shares: Avoid

RELATIVE APPEAL RANKINGS - Continued from page 5

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- 4N-HNC MTG&RLTY (4/15/4-LT mtg.-Oct FY) NON-REIT. Port.: \$106M, 74% nonearning; 41% foreclosed; Mix: 24% condos, 16% land, 3% apts., 16% offices, 9% hotels, 10% entertainment ctr.; Financing: 8.9 leverage, \$81M credit to 2/78 at 5% with contingent inter. Results: Jan. Q EPS d16c v. d57c. To swap up to 60%, bids for \$13M. Converts: Possible tender. Shares: Avoid
- 3 -HOSPITAL MTG (10/8/6-LT mtg.-Feb FY) Port.: \$35M, 44% nonearning; Mix: 34% medical, 24% land, 19% apts., 17% condos; 2/3 Fla. Financing: 0.4 leverage; \$10M bank debt. Results: Nov. Q EPS 20c v. 15c; Feb. div 15c unch. Shares: Trading, long recovery.
- 3 -HOTEL INVESTOR (2/25/7-Eq&Mtg.-Aug FY) Self-adm. Port.: \$81M, 8% nonearn; 4% foreclosed; 53% equity/47% LT mtgs.; Mix: All hotels/motels nationally located; comcl. business travel oriented. Financing: 2.1 leverage; \$57M debt: 31% secured mtg., 40% long-term, 29% conv. Results: Feb. Q EPS 28c v. 32c; CFS 42c v. 46c; div. 30c v. 32c. Shares & Bonds: Buy/hold speculative income
- ↑ 2 -HUBBARD REI (4/9/6-Equity-Oct FY) Port.: \$80M, 17% nonearning due to Grant vacancies. Mix: All net leased shop. ctrs. & stores except one office; Lessees: 20% Safeway, 20% Ashland Oil, 20% Chrysler. Financing: 97% equity. Results: Jan. Q EPS 35c v. 37c; div. 30c unch.; 5 of 11 Grant stores re-leased, six still vacant. Shares: Buy for dividend prospects.
- 4N-ICM REALTY (6/25/6-Subor. land-Nov FY) Port.: \$102M, 61% non- & low-earn; 33% foreclosed; Mix: 50% apts., 26% shop. ctrs., 15% land, 6% offices; 38% land purch.-leasebacks; Financing: 1.1 leverage; \$47M debt: 49% secured mtgs., \$24M credit to 2/79 at 120% prime + 15% bal. Results: Feb. Q EPS 22c after 11c gain v. d\$3.72 after \$3.60 loss prov. No div. Shares: Hold, very long term recovery
- 5N-IDS REALTY TR (6/10/4-ST mtg.-Jan FY) NON-QUAL REIT. Port.: \$295M, 76% nonearning; Mix: 32% shop. ctrs., 28% land, 13% condos. Financing: \$38M Negative equity; \$118M credit @ 125% prime (\$50M) & 2% (\$68M); Refused asset pledge 4/25/77 & defaulted to banks. Results: Jan. Q 43c v. d\$13.41 after \$12.59 loss prov. Bonds: Apr. interest paid. Shares: Avoid, NYSE Trading halt
- 5N-INDEPENDENCE MTG (No review-ST mtg.-Jun FY) NON-QUAL REIT. Port.: \$148M, 94% nonearning; Mix: 33% condos; Biggest states: Fla., Texas, Virginia, Ill., Ga. Financing: \$9M neg. equity; \$120M credit 1% w/conting. inter & 110% collateral, expired 2/28/77; accepted \$21M swaps. Results: Dec. Q EPS d3c after 1c gain v. d1c after 7c gain Shares: Avoid
- 3N-INDIANA M&R (7/15/4-Eq&Mtg.-Jun FY) Port.: \$77M, 28% non-earn; Mix of \$45M Mtgs: 30% residential, 22% apts. & condos, 28% long term; of \$33M equities: 35% offices, 33% apts. Financing: 5.8 leverage; \$69M debt; \$43M credit to 9/78 @ 6% + 120% prime contingent. Results: Mar. Q EPS d6c v. d\$2.55 after \$2.40 loss prov. Shares: Hold, tender target
- 4N-INSTITUT INV (1/13/6-ST mtg.-Jan FY) NON-QUAL REIT. Self-admin. Port.: \$161M, 77% nonearning; Mix: 26% apts., 17% condos, 40% land; States: 18% Fla., 10% Cal., 9% Texas. Financing: 2.6 leverage; \$53M credit @ 1% w/conting. inter.; \$11M swap. Results: Jan. Q EPS d\$1.13 after 69c loss prov. v. d95c after 62c loss prov. Bonds: Trading & speculative income. Shares: Trading
- 2N-INVESTOR RLTY (4/8/7-Eq&Mtg.-Nov FY) NON-REIT POWER. Port.: \$58M, 25% low earn. Mix: 54% apts., 15% shop. ctrs.; type: 89% owned incl. foreclosures & leasebacks, 11% mtgs. Financing: 2.6 leverage; \$43M debt, 72% secured, \$17M credit extended to 3/78 with restrictions. Results: Feb. Q EPS 3c after 3c gain v. d10c; CFS 15c before 3c gain v. 5c. New adviser. Shares: Buy long-term recovery
- 3 -JMB REALTY (4/8/7-Eq&Mtg.-Aug. FY) Port.: \$25M, 6% problem; Mix: 49% apts., 17% office, 17% shop. ctrs.; 53% wrap-around mtgs., 17% land leasebacks; Financing: 1.5 leverage; \$4M open lines from bank; Results: Feb. Q EPS 45c v. 41c before 37c gain; CFS 51c v. 47c before 37c gain; Div. 40c unchanged. Shares: Hold for speculative yield
- ↓ 5N-JUSTICE MTG (3/12/6-ST mtg.-Sep FY) CAN END REIT. Port.: \$67M, 98% nonearn; 36% foreclosed; Mix: 31% land, 19% condos; 55% Texas. Financing: Negative equity; \$41M credit to 4/77 @ 2% + contingent inter.; assets pledged. 2/1 sub. debt interest missed. Results: Mar. Q EPS d\$1.59 before \$4.17 gain. Bonds: Over 25% of holders call for payment 5/9; Inter. default. Shares: Avoid
- 4N-KMC MTG INV (5/14/3-ST mtg.-Nov FY) CAN END REIT. Port.: \$33M, 87% nonearning; 30% foreclosed; Mix: 13% apts., 25% land & develop.; 17% condo; 54% Kentucky. Financing: 9.3 leverage; \$18.5M credit to 5/1/78 at prime, 3% cash, balance deferred; Results: Nov. Q EPS d\$2.06 after \$1.60 loss prov. v. d26c. Shares: Limited speculative interest; Private investor bought 59,000 shares.
- 5N-LMI INVESTORS (2/13/6-ST mtg.-June FY) NON-REIT PWR. Port.: \$146M, 73% non- & 18% low-earn; 49% foreclosed. Mix: 25% apts., 16% office, 13% shop. ctrs. Financing: High leverage; \$102M credit to 12/81 w/inter. accrued at prime payable at 2% or cash flow. 60% deb. tendered at 30; pledging assets. Results: Mar. Q EPS d32c after 30c gain v. \$4.81 after \$5.47 gain & 34c loss prov. Bonds: Risky yield. Shares: Avoid
- 4N-LINCOLN MTG (12/10/3-Eq&mtg.-Mar FY) NON-QUAL REIT. Self-admin. Port.: \$32M, 77% non & low earn; 64% foreclosed; Mix: 74% apts, 11% one family & mobiles. Financing: 12.9 leverage; \$13.7M credit with banks ½ over prime, requiring asset sale over several years. Results: Dec. Q EPS d10c after 55c gain & 26c loss prov. v. d10c aft 54c gain & 26c loss prov. Bonds & shares: Avoid
- 2 -LOMAS & NETTLETON MTG (2/11/7-ST mtg.-June FY) Port.: \$228M, 31% nonearn; 21% foreclosed; Mix: 33% land acq. & devel., 8% single-family; 50% Texas. Financing: 1.1 leverage; Borrowers short & L/T from banks; \$35M term notes to 6/80 at 110% prime. Results: Mar. Q EPS d\$3.76 after \$4.05 loss prov. v. 21c after 8c loss prov.; Div. 29c v. 21c. Shares: Longer term recovery potential
- 3 -M&T MTG INV (2/11/7-ST mtg.-Aug FY) Port.: \$39M, 3% nonearn; 3% foreclosed; Mix: 66% const. & devel., 26% 1-family permanent; all Texas. Financing: 1.6 leverage; \$25M bank borrowings, partly secured; sponsor provides compensating balances; \$10.8M unfunded commitments.; Results: Feb. Q EPS 26c after 5c loss prov. v. 28c; Div 26c unch. Shares: Buy for stable yield
- 2N-MARYLAND RLTY (4/8/7-ST mtg.-Nov FY) NON-QUAL REIT. Port.: \$21M, 34% non- & 8% low-earning; Mix: 33% apts., 31% land, 19% condos; All Fla. & Ga. Financing: 2.0 leverage; \$12.6M credit at prime to 11/77; Assets pledged. Results: Feb. Q EPS 3c v. 11c after 11c adjustment gain; Shares: Recovery speculation
- 2 -MASSMUTUAL MTG (7/9/6-LT mtg.-Oct FY) Port.: \$198M, 12% non- & 6% low-earning; Mix: 35% shop. ctr. & retail, 27% apts.; 80% long-term mtgs. Financing: 1.2 leverage; \$37M borrowed under \$45M bank lines; \$71½M subor. convert. debts. Results: Jan. Q EPS 29c after 4c loss prov. v. 27c after 5c loss prov.; Div 29c v. 27c. Converts: Safe yield. Shares: Buy/hold
- 4N-MIDLAND MTG (3/12/6-ST mtg.-June FY) CAN END REIT. Port.: \$111M, 61% non- & low-earning; Mix: 34% apts., 27% condo, 14% land. Financing: High leverage; \$80M credit to 9/78 with 3½% cash interest & accrual at 125% of prime; \$22M swap bids. Results: Mar. Q EPS d\$1.14 before \$1.03 gain v. d49c. Bonds: Speculative yield. Shares: Trading interest
- 2 -MILLER HENRY S (8/8/5-Eq&Mtg.-Feb FY) Port.: \$29M, 15% nonearn; 12% foreclosed; Mix: 56% shop. ctrs owned, 23½% land; Mostly Tex. Financing: 2.2 leverage incl. mtgs.; \$7.2M bank borrowings under \$12.7M credit at 1% over prime, to June 1, '77; \$13.3M mtgs. on prop. Results: Feb. Q EPS 2c v. 18c after 2c gain; Feb. FY 38c. 15c div. resumed in Mar. Shares: Buy for LT recovery
- 4N-MISSION INV (11/12/3-ST mtg.-Nov FY) CAN END REIT. Self-adm. Port.: \$36M, 74% nonearning; Mix: 36% land & devel., 26% residential, 39% commercial. Financing: 2.2 leverage; \$21M credit at prime (max 8½%) to Feb. '77, being renege.; pledged. Results: Feb. Q EPS d17c v. d30c. Shares: Trading/ very long recovery
- 2 -MONY MTG INV (7/9/6-LT mtg.-May FY) Port.: \$213M, 10% non- & 4% low-earn; 4% foreclosed; Mix: 37% office, 30% multifamily, 15% shop. ctrs.; 46% LT mtgs.; Making new commitments. Financing: 1.4 leverage; \$115M bank lines at prime; \$43M comcl. paper; Results: Feb. Q EPS 22c v. 19c; Div. 23c unchanged. Convertibles: Safe yield. Shares: Hold for long-term

RELATIVE APPEAL RANKINGS - Continued from page 6

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- 3 -MORTGAGE GROWTH (10/8/6-LT mtg.-Nov. FY) Port.: \$40M, 19% nonearning, 55% low-earning; Mix: 60% apts., 22% office; 33% Calif. Financing: 0.4 leverage, \$8.5M 7-3/4% subor. converts held privately & \$4M secured mtgs; Results: Feb. Q EPS 5¢ after 2¢ loss prov. v. 1¢; div. 12¢ unch. Slightly improving trend FY'77. Shares: Spec. buy/hold for long-term recovery
- ↑ 3N-MTG INV WASHINGTON (6/10/4-ST mtg.-Mar FY) Port.: \$103M, 52% nonearn; 28% foreclosed; Mix: 20% hotel/motel, 14% shop. ctr; 16% condo & townhouse; Financing: 5.5 leverage; \$53M at 11 1/2% of 1/2% over prime, extended to 9/30/77; No comp. balances. Results: Dec. Q EPS d35¢ after 13¢ loss prov. v. d32¢ after 39¢ LRP. Bonds: Risky yield. Shares: Trading.
- 3N-MTG TRUST OF AMER (8/27/6-ST mtg.-Nov. FY) Port.: \$137M, 58% nonearning; Mix: 20% land & devel., 25% condos, 20% apts.; 17% Calif.; Financing: 1.7 leverage; \$91 1/2M credit lines at full-rate interest; trust suggesting 10% commitment cut to banks. Results: Feb. Q EPS d13¢ v. d13¢ after 12¢ loss prov. Shares: Buy/hold for recovery
- 5N-NATIONAL MTG (5/14/3--ST mtg.-Feb FY) CAN END REIT. Port.: \$60M, 74% non, 11% low earning; Mix: 30% land, 18% commercial, 15% motels, 15% apts.; Financing: \$11T Neg. equity; \$29M secured credit; default on debenture interest; Chapter XI settlement confirmed. Results: Nov. Q EPS d33¢ after 22¢ loss prov. v. d50¢ after 32¢ LRP. Shares: High risk speculation.
- 3 -NATIONWIDE RE (4/22/7-ST mtg.-Mar FY) Port.: \$43M, 36% non- & low-earning; Mix: 20% medical, 19% condos, 12% one-family; 38% Ohio, 19% Indiana; Financing: Leverage 0.8; Reduced bank lines to \$39M; Results: Dec. Q EPS 5¢ v. 4¢ after 12¢ loss prov. Div. 4¢ unch. New commit. rising. Convertibles: High yield. Shares: Speculative long-term recovery
- 2 -NEW PLAN REALTY (6/11/6-Equity-July FY) Self-admin. Port.: \$19M, 8% non- & low-earning; Mix: 71% shop. ctrs. owned, 14% residential. Financing: 6.7 leverage; Debt 66% mtgs. on prop., 33% sub. debent. Results: Jan. Q EPS 31¢ v. 17¢; Oct. CFS 18¢. May monthly div increased 7% to 8¢. Shares: Buy/hold for income
- 5N-NJB PRIME INV (12/10/3-Eq&Mtg.-Nov FY) NON-QUAL REIT. Self-admin. Port.: \$71M, 73% nonearning; Mix: 43 1/2% motor lodges/restaurants, 27 1/2% condos, 13% apts. Financing: \$6M Negative equity; \$59M credit ext. to 4/15/77; Tendering for all debentures at 22; not likely to pay inter. Results: Feb. Q EPS d30¢ after gain. Bonds & shares: Avoid
- ↑ 3N-NORTH AMER MTG (12/12/5-ST mtg.-Dec FY) Port.: \$162M, 46% non- & 40% low-earn; 50% foreclosures; Mix: 48% apts., 25% condos, 8% land & devel. Financing: 2.3 leverage; \$67M demand bank notes. Results: Mar. Q EPS d32¢ v. d\$1.26 after 85¢ loss prov.; Dec. FY EPS d\$1.65. Bonds: Yield. Shares: Recovery potential
- 3N-NORTHWESTERN FIN (12/10/3-LT mtg.-Dec FY) NON-QUAL REIT. Port.: \$50M, 40% nonearn; 39% foreclosed; Mix: 7% apts., 6% office, 7% land, 44% inter-long; 50% N. Caro. Financing: 1.0 leverage; \$26M revolving credit at 1/2% over prime, expires Aug. 31, '77. Results: Mar. Q EPS d11¢ v. d22¢. Shares: Recovery speculation long term
- ↑ 1 -NORTHWESTERN MUT LF MTG (7/9/6-LT mtg.-Mar FY) Port.: \$239M, 11% non- & 7% low-earn; 13% foreclosed; Mix: 23% office, 24% shop. ctrs., 13% apts.; 59% permanent mtgs. Financing: 1.7 leverage; \$118 1/2M open bank lines; \$26M comcl paper. Results: Mar. Q EPS 22¢ after 8¢ loss prov. v. 22¢; Div 25¢ unch. Converts: Safe. Shares: Buy long term
- 3N-OLD STONE MTG (6/11/3-LT mtg.-Dec FY) Port.: \$30M, 12% nonearning; Mix: 16% shopping center, 16% office & industrial. Financing: 2.9 leverage; \$5M open bank lines at prime, plus \$7 1/2M term loan. Results: Dec. Q EPS d31¢. Agreement: Sponsor Old Stone Corp. to exch. \$7, 10% convt. pfd. for debent. & shares before 5/31; FDIC approval. Shares: Hold
- 2 -PACIFIC SOUTHERN (No review-LT mtg.-Mar FY) Self-admin. Port.: \$10M, 22% nonearn; Mix: 61% comcl., 18% condo/townhouse; Plans equity investments. Financing: No borrowings. Results: Dec. Q EPS 17¢ v. 16¢. Dividend: 15¢ unch. Shares: Long-term recovery or buyout candidate, plus speculative yield & benefits of shift into equities.
- 2 -PENNSYLVANIA REIT (5/14/6-Equity-Aug FY) Port.: \$71M, 1% nonearning; Mix: 38% apartments, 36% shopping centers. Financing: 3.2 leverage, nearly all mtgs. on property owned; borrows under \$7 1/2M bank lines. Results: Nov. Q EPS 29¢ v. 35¢; CFS 39¢ v. 39¢; Div 57 1/2¢ semi-annually, unchanged. Shares: Buy/hold long-term for yield & gains
- 4N-PLAZA REALTY (8/12/4-Eq&Mtg.-Dec FY) NON-QUAL REIT. Self-admin. Port.: \$35M, 77% nonearn; Mix: 35% apts., 19% unimproved land, 16% shop. ctr.; 15% land leasebacks. Financing: 6.4 leverage, incl. \$15M mtgs.; Negotiating \$9M credit, Interest past due 3/1/76, bank demanding repayment. Results: Dec. Q d\$1.54 v. EPS d54¢ after 27¢ loss d23¢. Shares: Avoid or trade only
- ↑ 2 -PNB MTG & RLTY (12/10/6-LT mtg.-Sep FY) Port.: \$119M, 18% non & low earning; Mix: 38% LT mtgs., 29% property owned; 38% apts., 21% office & indust., 19% condos. Financing: 1.8 leverage; \$66M bank lines; \$23M comcl paper. Results: Mar. Q EPS 13¢ after 4¢ loss prov. v. 13¢; Div. 12¢ v. 10¢. Maintaining portfolio size. Shares: Long-term recovery, possible further div uptick
- 2 -PROPERTY CAPITAL (4/9/6-Subor. land-July FY) Port.: \$72M, 23% nonearn; 20% foreclosed; Mix: 34% apts., 30% office, 20% shop. ctrs.; 49% leasebacks, 31% LT mtgs. Making new investments. Financing: 1.7 leverage; Bank borrowings cut to \$19 1/2M at 1/2% over prime. Results: Jan. Q. EPS 30¢ vs. 30¢; div. 30¢ unchanged. Shares: Buy-hold for yield & long-term recovery
- 3 -PROPERTY TRUST OF AMER (2/11/7-Eq&Mtg.-Dec FY) Self-admin. Port.: \$32M, 36% non & low-earn; 23% mtgs., 18% foreclosed, 59% acq. property; Mix: 45% apts., 21% office, 16% shop. ctrs.; 81% Texas. Financing: 0.8 leverage, all \$14M mtgs. on property. Results: Dec. Q EPS 1¢ before 15¢ cap. loss; CFS 4¢; Div. Mar. 5¢ unch. Shares: Hold for speculative recovery and modest income
- 2 -RLTY & MTG OF PACIFIC (RAMPAC) (6/13/5-LT mtg.-Nov. FY) Port.: \$81M, 13% non- & low-earn; Mix: 67% loans: 23% hotel/motel, 13% office, 16% apts.; 33% equity; 47% Calif., 13% Hawaii. Financing: 1.4 leverage; \$23M commercial paper backed by \$24M open lines; \$4M under \$15M term credit to Nov.'77. Results: Feb. Q EPS 25¢ v. 32¢ after 9¢ prepayment. Div. 28¢ v. 29¢. Converts & shares: Hold
- 3 -REIT OF AMERICA (5/14/6-Equity-Nov FY) Port.: \$45M, 1% nonearn; \$11M shopping center 88% leased; Mix: 42% shop. ctrs., 24% office, 19% indust.; 46% Calif., 13% Mass.; Expanding \$11M Sacramento center, leasing slower than expected. Financing: 0.4 leverage, all mtg. debt. Results: Feb. Q EPS 37¢ after 17¢ capital gain v. 25¢; Div. 30¢ unchanged. Shares: Hold long term
- 2 -REALTY INCOME (9/24/6-Eq&Mtg.-Apr FY) Self-admin. Port.: \$77M, 36% non- & low-earn; 51% foreclosed; Mix: 26% apts., 28% office. Financing: 3.0 leverage; \$14M under \$23 1/2M bank lines at prime; \$20M term at 1 1/2% over prime to '77-80. Results: Jan. Q EPS d47¢ after 53¢ loss prov.; Cleaning up portfolio; Div. 35¢ unch., paying cap. gains; deprec. rising. Converts: Yield. Shares: Buy/hold LT
- 3 -REALTY REFUND (9/12/5-Inter. mtg.-Jan FY) Port.: \$52M, no problems; Mix: 80% wraparound mtgs., 20% LT mtgs.; 43% apts., 21 1/2% office, 19% industrial. Financing: 1.7 leverage; \$17.2M credit at 1/2% over prime, ending Dec.'79, & \$15M at 1 1/2% over prime ending July'80. Results: Jan. Q EPS & div. up 4% to 56¢. No loss prov. Jan. FY \$2.15. Shares: Hold; EPS sensitive to prime
- 4N-REPUBLIC MTG (6/10/4-ST mtg.-Dec FY) NON-QUAL REIT. Port.: \$64M, 80% nonearning; 70% foreclosed. Mix: 28% land acq. & devel., 19% condo, 13% apts.; 62% Florida. Financing: 3.3 leverage; \$30.7M credit to 6/30/77 at 2% cash plus contingent inter.; Results: Mar. Q EPS d20¢ v. d42¢ after 13¢ gain. Shares: Trading
- ↓ 3 -RIVIERE REALTY (1/13/5-Eq&Mtg.-Dec FY) Port.: \$21M, 25% low & nonearning; Mix: 36% apts., 24% office, 15% motel; 46% D.C. area, 45% Indiana. Financing: 2.0 leverage, mainly mtgs. on property; \$3.5M open line at 1 1/2% over prime. Results: Dec. Q EPS 54¢ after 35¢ gain v. 63¢ after 46¢ gain; CFS 25¢ before gain v. 26¢ before gain; Mar. Div. 25¢ unch. Shares: Buy/hold more speculative yield

RELATIVE APPEAL RANKING - Continued from page 7

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- ↑ 2 -SAN FRANCISCO RE (was US LSG) (8/27/6-Eq&Mtg.-Dec FY) Self-adm. Port.: \$64M, 22% nonearn; Mix: 50% office, most bank-occupied; 21% apts. Financing: 1.3 leverage, 65% by mtgs. on prop.; \$7M credit lines. Results: Mar. Q EPS 20¢ v. 20¢; Dec. CFS 26¢ v. 32¢; Div 15¢ v. 15¢; Credit restrictions lifted. Seeking new equity investments. Shares: Buy/hold
- ↑ 3N-SAUL (B.F.) REIT (2/13/6-Eq&Mtg.-Sep FY) CAN END REIT. Port.: \$297M, 11% non- & 44% low-earning; Mix: 29% deliberately acquired prop., 45% foreclosures held for invest., 23% mtgs.; Owned prop. is 41% shop. ctrs., 38% apartments; Financing: 6.9 leverage; \$135M revolver at 125% of prime thru 6/2/77; Results: Dec. Q EPS d44¢ v. d62¢ after 17¢ loss prov. Bonds & converts: For yield. Shares: Long-term recovery or buyout
- 3N-SECURITY MTG (8/27/6-Inter. Mtg.-Sep FY) CAN END REIT. Port.: \$162M, 35% non & low earning; Mix: 39% one-family home improvement second mtgs., 45% commercial mtgs., 16% mtgs. on medical facilities; Financing: 3.0 leverage; \$55M short term at 120% of prime to Aug. 31, '77; Results: Mar. Q EPS d3¢ v. 7¢ after 12¢ gain. Bonds: Attractive for yield, 7½% high-grade speculation. Shares: Trading
- ↑ 3N-STATE MUTUAL (5/13/4-LT mtg.-Mar. FY) NON-QUAL REIT. Port.: \$115M, 68% non- & 12% low-earn; Mix: 8% condos, 37% apts.; 14% land. Financing: \$2M neg. equity; Sponsor may buy \$50M trust assets to repay most bank debt. Results: Mar. Q EPS \$1.02 v. d76¢ after 34¢ loss prov. Tender: Proposed tender for 9% sr. notes at 72.5; at 50 for 6 3/4s. Bonds: Tender. Shares: Most interesting if suits resolved
- 3N-SUMMIT PROP (6/25/6-Equity-Oct FY) NON-QUAL REIT on 5/1. Port.: \$49M, 7% low earn; Mix: 46% shopping centers; rented one of 4 Grant stores; Financing: 3.4 leverage; \$4M secured bank debt extended to 5/79 @ 2% over prime. Results: Jan. Q EPS d12¢ after 7¢ 7¢ cap. gain v. d23¢; CFS 5¢ before cap. gain v. 18¢; Shares: Hold for long-term recovery
- 3N-SUTRO MTG INV (10/8/6-ST mtg.-Mar FY) Port.: \$74M, 18% non- & 25% low-earn; 37% foreclosed; Mix: 29% apts., 27% hotel/motel, 16% office; Financing: 1.1 leverage; \$43M credit lines incl. \$5.4M backup for comcl paper; Results: Mar. Q EPS .002¢ after 12¢ loss prov. v. .007¢ after 1¢ loss prov. & 3¢ gain. Made \$2M new commitments. Converts: Safe yield. Shares: Buy L/T recovery
- 5N-TMC MTG INV (12/9/4-ST mtg.-Mar FY) Port.: \$41M, 100% non-earning; Mix: All condos & houses, Fla. & Puerto Rico; Financing: \$5M Negative equity; Negot. credit at 1% + conting. inter.; swapped many assets; Results: Sep. Q EPS d30¢ v. d29¢. No auditor's opinion 1976. Shares: Avoid; essentially in liquidation; May merge into sponsor
- 4N-TEXAS FIRST MTG (11/12/3-ST mtg.-June FY) NON-QUAL REIT. Self-adm. Port.: \$28M, 81% nonearn; Mix: 56% land, 7% office, 5% warehouse; Financing: 1.8 leverage; \$27M credit at prime to 3/78, max. 8%, 3% pay in cash; assets pledged; \$6M Assets swapped; Results: Dec. Q EPS 88¢ after 63¢ gain & 28¢ tax credit v. d5¢. Shares: Speculation on Texas land recovery
- 4N-TIERCO (was GULF SOUTH) (No review-ST mtg.-Dec FY) NON-QUAL REIT. Self-adm. Port.: \$61M, 75% nonearn; Mix: 46% apts., 14% undevel. land; heavy Okla.; Financing: 10.8 leverage; \$32M credit at 5% minimum inter. plus deferrals, to 6/78; Missed 5/1 prin. repayment; initiating swaps. Results: Mar. Q EPS d10¢ v. d4¢. Shares: Speculative recovery
- 4N-TRI-SOUTH MTG (10/14/4-ST mtg.-Dec FY) NON-QUAL REIT. Port.: \$226M, 74% nonearning; Mix: 36% land & devel., 9% apts., 9% condos; 38% foreclosed; 25% Ga., 21% Tex., 18% Fla.; Financing: High leverage; \$154M credit at 4% cash inter., + conting. inter.; Swapped \$55M in 1976; \$29M repay. ext. to 3/31. Results: Mar. Q d17¢ after 45¢ gain v. EPS 52¢ after \$2.30 gain. Bonds: Possible tender. Shares: Avoid
- ↑ 3N-UMET TRUST (11/12/3-ST mtg.-Nov FY) NON-QUAL REIT. Self-adm. Port.: \$142M, 34% nonearn; Mix: 21% condos, 22% apts., 18% shop. ctrs., 19% office; Financing: 15.3 leverage; \$89M credit to 8/79 at 6% + contingent int.; \$2.8M bank suit settled. Results: Feb. Q EPS d31¢ v. d74¢ after 93¢ loss prov. Shares: Speculative possibilities, some prop. recovering
- 2 -UNITED REALTY (9/24/6-LT mtg.-Nov FY) Port.: \$80M, 42% non- & low-earning; Mix: 22% GNMA's (pledged), 25% office, 18% apts.; Financing: 0.2 leverage; Pledged GNMA's to repay banks \$14M; Results: Feb. Q EPS 18¢ v. 17¢, both no loss prov.; Div. 18¢ v. 16¢. Shares: Buy for benefits from gradual problem loan solution
- 2N-US BANCORP TRUST (2/25/7-Eq&Mtg.-May FY) Port.: \$60M, 25% nonearn & 11% low; 16% foreclosed; Mix: 48% prop. owned or under construction, half indust., half office; Financing: 3.2 leverage; \$36M credit to 12/77, same interest; Results: Feb. Q EPS d23¢ v. d29¢; CFS d6¢ v. d12¢. Converts: Low but safe yield. Shares: Long term recovery, good equity base
- 3N-US REALTY INV (10/8/6-Eq&Mtg.-Dec FY) NON-QUAL REIT. Port.: \$110M, 20% nonearn & 15% low; Mix: 45% mtgs., 54% owned property, Financing: 6.7 leverage; \$39M at 125% of prime payable at 5 3/4% or cash flow; Results: Dec. Q EPS d13¢ after 10¢ gain v. d38¢ after 9¢ loss prov.; CFS 4¢ after 33¢ gain v. d25¢. Converts: OK for risk income. Shares: Long-term recovery; leverage high
- 2 -VIRGINIA RE (12/10/6-Eq&Mtg.-Dec FY) Self-adm. Port.: \$40M, 18% nonearning; Mix: 93% property, 7% mtgs.; Financing: 2.0 leverage, 74% mtgs. on property; \$7M bank term loan at 3% over prime extended to Mar. 31, '81; assets pledged. Results: Mar. Q 6¢ v. 22¢ incl. 8¢ recovery; Dec CFS 20¢ v. 22¢; Div. 10¢ 2/28 from 1977 tax income; Shares: Long term recovery, dividend uptick
- 3N-WACHOVIA REALTY (10/14/4-ST mtg.-Aug FY) Port.: \$123M, 72% nonearn; 38% foreclosed; Mix: 20% apts., 17% land & devel., 13% comcl., 13% hotel/motel; Financing: 1.9 leverage; \$68M revolving credit to 7/79 at prime + contingent interest at 125% of prime. Results: Feb. Q EPS d31¢ after 11¢ loss prov. v. d31¢ after 12¢ loss prov. Shares: Very long term recovery
- 4N-WALTER REALTY (3/11/4-Eq&Mtg.-July FY) NON-QUAL REIT. Port.: \$50M, 52% nonearn; 30% equity. Mix: 25% industrial, 15% one-family; 15% land, 12% mobile, 12% office; 49% Fla. Financing: 3.2 leverage; \$24½M credit to 10/78 @ 117% prime; Results: Jan. Q EPS d\$1.26 after \$1.00 loss prov. v. d30¢. Shares: Long recovery, must restructure low earning property now net leased
- 2 -WASHINGTON REIT (5/14/6-Equity-Dec FY) Port.: \$29M, no nonearning; Mix: All property, 98% in Washington, D.C. area; 68% high-rise apts., 19% shop. ctrs., 13% distrib.-office. Financing: 0.9 leverage, mostly mtg. debt. Results: Dec. Q EPS 40¢ v. 41¢; CFS 42¢ v. 46¢; Mar. div 44¢ unch. Shares: Hold for income, top quality assets
- ↑ 2 -WELLS FARGO MTG (12/10/6-ST mtg.-June FY) Port.: \$187M, 11% non- & 24% low-earning; Mix: 43% apts., 12% development, 7% condo. Financing: 1.4 leverage; Borrowers under \$17½M open lines backing \$79M commercial paper; New commitments. Results: Mar. Q EPS 29¢ after 6¢ recovery v. 27¢ after 8¢ recover; div 25¢ v. 20¢ incl. 8¢ cleanup. Shares: Buy/hold for recovery
- 3N-WESTERN MTG (6/11/3-ST mtg.-Feb FY) Port.: \$21M, 24% nonearning, 9% partial earning; Mix: 22% land acq. & devel., 25% apts., 15% one-family, 14% office. Making new commitments. Financing: 2.0 leverage; \$11½M revolver at ¼% over prime, plus \$2½M from banks payable over 2½ yrs. Results: Nov. Q EPS d15¢ after 1¢ loss prov. v. d12¢. Shares: Trading
- 2N-WISCONSIN REI FUND (No review-Equity-Dec FY) NON-QUAL REIT. Self-adm. Port.: \$39M, 10% nonearning; Mix: 86% property, 9% foreclosures, 4% mtgs. Financing: 4.4 leverage, most mtg. debt; \$8M comm. paper, since reduced \$5M. Results: Sep. Q EPS 2¢ after 10¢ gain v. d70¢. Sold \$1M prop. 1/77 and more 4/77. Shares: Speculation on turnaround by new management; Group bought 90,000 shs.

REIT STATUS is shown to indicate whether a trust intends paying 90% of taxable earnings as dividends and thus remain qualified for conduit income tax treatment. Three stages in status are shown: VOTING POWER TO END REIT STATUS, when a proposal is pending before shareholders to give trustees discretion over whether to continue to qualify; CAN END REIT STATUS, when shareholders have given trustees power to end qualification; and NON-QUAL REIT, when trustees have ended qualification.